

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Lake Township</b>	County <b>Benzie</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>6/21/05</b>	Date Accountant Report Submitted to State: <b>9/30/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Wilson Ward CPA Firm</b>			
Street Address <b>PO Box 205</b>		City <b>Interlochen</b>	State <b>MI</b>
		ZIP <b>49643</b>	
Accountant Signature <i>W. Ward CPA Firm</i>			Date <b>9/30/05</b>

# LAKE TOWNSHIP

## BENZIE COUNTY, MICHIGAN

Audit Report

For Year Ended  
March 31, 2005

Wilson, Ward CPA Firm  
PO Box 205  
Interlochen, MI 49643  
(231) 276-7668

LAKE TOWNSHIP  
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June 21, 2005

Mr. William Robinson, Supervisor  
Lake Township  
Lake Township, Michigan

The primary purpose of this letter is to prepare, for management, information which delineates those items encountered during the audit which were either not related to the financial, internal control and compliance reports or were not material enough to comment on relative to them. However, these items might be significant when viewed from a management perspective or in the longer term. This letter is intended only for the use of management and any other parties not informed of these matters might misconstrue their meanings.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with general accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Lake Township. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Lake Township are listed in Note 1. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into Lake Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

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### Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

### Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Lake Township that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

The information was made available timely and in an organized manner by the clerk and treasurer. Once again, the atmosphere is very conducive to excellent internal control with a very positive attitude toward improvement.

COMMENT: The control of cash at the park is an internal control problem.

RECOMMENDATION: Prenumbered and hence controlled, tickets (for parking fees) should be issued and used to allow a third party to verify the amounts collected.

Again, it is important to remember that this report is for information only and provided to management with the sole intent that it can be evaluated with the potential to improve management practices within the township. Thank you for the excellent condition of the records as well as the opportunity to work with Lake Township.

Sincerely,

A handwritten signature in black ink that reads "Wilson Ward CPA Firm". The signature is written in a cursive, flowing style.

Wilson, Ward CPA Firm

**WILSON, WARD CPA FIRM**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Lake Township Board  
Honor, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lake Township, Benzie County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Lake Township's basic financial statements and have issued our report thereon dated June 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Lake Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lake Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain matters that we reported to management of Lake Township in a separate letter dated June 21, 2005.

This report is intended solely for the information and use of the audit committee, management, township board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wilson Ward CPA Firm*

Interlochen, MI  
June 21, 2005

# FINANCIAL STATEMENTS

**WILSON, WARD CPA FIRM**

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**INDEPENDENT AUDITOR'S REPORT**

To the Lake Township Board  
Honor, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lake Township, Benzie County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lake Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Lake Township as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with Government Auditing Standards, we have also issued our report dated June 21, 2005, on our consideration of the Lake Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 6 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake Township's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Wilson Ward CPA Firm*

Interlochen, MI  
June 21, 2005

## LAKE TOWNSHIP

### Management's Discussion and Analysis

#### Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

#### The Township as a Whole

The Township's combined net assets decreased 6% from a year ago - decreasing from \$388,399 to \$366,623. This was primarily caused by the payment for the completion of the parks. While there was a significant increase in real Capital Assets, there was a commensurate loss due to the change in accounting policy of recording only assets valued at greater than \$5,000 and the inclusion of depreciation. The schedules reflecting this year's status are found on page 7.

This year was the first year for the implementation of GASB 34 with the resulting changes in the financial position as reflected on the Governmental Funds Balance Sheet, Statement of Net Assets.

General Government expenses increased by about \$96,470 during the year. This was anticipated given the known problems within capital outlays. This was a substantial reduction from the initial budget.

#### The Township's Funds

Our analysis of the Township's major funds begins in the supplemental data section, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millages.

The General Fund pays for most of the Township's governmental services. The amount transferred to the General Fund is supported by a detailed calculation of the current year costs of the specific capital outlay approved by the Township Board.

#### General Fund Budgetary Highlights:

Over the course of the year the Township Board was able to maintain the township departments within their prescribed budgets.

#### Economic Factors and Next Year's Budgets and Rates:

Lake Township's 2004-2005 budget calls for only the allocated millage of 1.400 mills. Lake Township has no voted millage. The state law mandated services, the services of the Lake Township Fire Department, garbage pickup, annual trash day, 24/7 recycling services, and a

grass and leaf dumpster are provided with no voted millage at this time.

This can be accomplished by the growth in our tax base. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value by less than inflation. The mathematical result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions.

General Overview of the Accomplishments of Lake Township in the 2004-2005 Fiscal Year:

Construction of a pole building to house a small pumper fire truck commenced. The township would own both of these. Plans may be made to contract with Frankfort/Elberta Fire Department for complete coverage of the township. The personnel to man our truck would be trained by and be under the supervision of the Frankfort/Elberta Fire Department.

The Township finances have been managed very closely. This shows in the fund balance. The Township is in a very healthy state as a whole.

Contacting the Township's Management:

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at (231) 325-5202.

**Lake Township  
Statement of Net Assets**

As Of March 31, 2005

**Assets**

Cash and Investments	\$366,624
Accounts Receivable	0
Taxes Receivable	0
Prepaid Insurance	0
Due From Other Agencies	0
Fixed Assets Net of Depreciation	36,333
Total Assets	<u>402,957</u>

**Liabilities and Fund Balance**

**Liabilities**

Accounts Payable	0
Accrued Salaries & Wages	0
Deferred Revenue	0
Due to Other Agencies	0
Total Liabilities	<u>0</u>

**Fund Equity**

Net Assets	36,333
Reserved for Equipment Replacement	0
Unreserved	366,623
Total Net Assets	<u>402,956</u>

Total Liabilities and Net Assets	<u>\$402,956</u>
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Lake Township  
Statement of Activities  
For Year Ended March 31, 2005

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Charges for Expenses	Operating Services	Grants and Contributions	Capital Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$193,667				\$193,667		\$193,667
Public safety	64,157				64,157		64,157
Public works	21,015				21,015		21,015
Health and Recreation	25,057				25,057		25,057
Community and Economic Development					0	0	0
Recreation and Culture	0				0	0	0
Interest on Long Term Debt					0	0	0
Total Governmental Activities	303,896				303,896		303,896
Business Type Activities							
Water and Sewer	0				0	0	0
Total Primary Government	303,896				303,896	0	303,896
General revenues:							
Taxes							
Property Taxes-general					189,886		189,886
Property Taxes-debt service					0		0
State-Shared Revenues					42,259		42,259
Unrestricted Investment Earnings					2,739		2,739
Franchise taxes					974		974
Miscellaneous					49,604		49,604
Depreciation					3,342		3,342
Total General Revenue-Special Items and Transfers					282,121		282,121
Changes in Net Assets					(21,776)		(21,776)
Net Assets - Beginning					388,399		388,399
Net Assets - Ending					\$366,623		\$366,623

Reconciliation to Governmental Income:

Income Per Governmental Sheet	(18,434)
Subtract Depreciation	3,342
Per Statement of Activities	(21,776)

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Lake Township**  
**Balance Sheet - All Governmental Fund Types**

As Of March 31, 2005

	Governmental Fund Types		Total
	Other		Governmental
	Non-Major		
	General	Funds	
<u>Assets</u>			
Cash and Investments	\$251,758	\$114,866	\$366,624
Accounts Receivable	0		0
Taxes Receivable	0		0
Prepaid Insurance	0		0
Due From Other Agencies	0		0
Due From Other Funds	0	0	0
Construction Work In Progress	0		0
Total Assets	<u>251,758</u>	<u>114,866</u>	<u>366,624</u>
<u>Liabilities and Fund Balance</u>			
Liabilities			
Accounts Payable	0	\$0	\$0
Accrued Salaries & Wages	0		0
Deferred Revenue			0
Due to Other Agencies	0		0
Due to Other Funds	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity			
Fund Balances:			
Reserved for Equipment Replacement			0
Unreserved	251,758	114,866	366,624
Total Fund Equity	<u>251,758</u>	<u>114,866</u>	<u>366,624</u>
Total Liabilities and Fund Balance	<u>\$251,758</u>	<u>\$114,866</u>	<u>\$366,624</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Lake Township**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**All Governmental Fund Types**

For the Year Ended March 31, 2005

	Governmental Fund Types		Total Governmental
	General Funds	Other Non-Major Funds	
<b>Revenues</b>			
Taxes	\$89,244	\$54,403	\$143,647
Licenses	0		0
State of Michigan	42,259		42,259
Charges for Services	0		0
Interest & Rentals	1,971	768	2,739
Admin Fees	46,239		46,239
Cable Franchise Fees	974		974
Misc	20,404	5,170	25,574
Reimbursements	24,030		24,030
Total Revenues	225,121	60,341	285,463
<b>Expenditures</b>			
Current			
Legislative	32,986	0	32,986
General Government	160,680		160,680
Public Safety	16,576	47,582	64,157
Public Works	21,015		21,015
Contingency	25,057		25,057
Total Expenditures	256,314	47,582	303,896
Excess Revenue (Expenditures)	(31,193)	12,760	(18,434)
Operating Transfers In	0	0	0
Operating Transfers (Out)	0	0	0
Fund Balance/Retained Earnings - Beginning of Year	282,951	102,106	385,057
Fund Balance/Retained Earnings - End of Year	\$251,758	\$114,866	\$366,623

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**LAKE TOWNSHIP  
FOOTNOTES TO FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies

The accounting policies of the Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

**A. Reporting Entity**

Lake Township is located in Benzie County, Michigan. The Township is governed by an elected five member board. Services are provided to approximately 635 residents and include fire protection and general community enrichment services. The criteria established for determining the various agencies and boards to be included in the Township's general purpose financial statements depends on the extent such agencies and boards are a part of, controlled by or dependent on the Township. The criterion used to determine the reporting entity, "is the ability to exercise oversight responsibility over such agencies by the governmental unit's elected officials."

**B. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Beginning with the fiscal year 2003-04 Lake Township converted to GASB 34 reporting standards. This creates a new report at the fund level which reports the general fund and only major funds with the remainder reported in one column as "Other Non-major Funds". It also eliminates the groups of accounts and the internal service funds. The new top level reports uses full accrual accounting which includes the fixed assets with appropriate depreciation and long term debt. The Trust and Agency Funds are reported separately as are the Proprietary Funds which are reported as "business like" funds.

**Basis of Accounting**

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

Enterprise funds should be accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized in the accounting period in which it is earned and becomes measurable. Expenses are recognized in the accounting period incurred, if measurable.

The accounting policies of Lake Township conform to generally accepted accounting principles and include the following fund types



1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of fund.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas wherein the County is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the County.

C. Budgets and Budgetary Accounting

The general fund and enterprise fund types are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis the same as the modified accrual basis used to reflect operations and include those amounts formally appropriated by the Township Board.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

2. Excess of Expenditures over Appropriations

The local unit shall not incur expenditures in excess of appropriations. This also requires a disclosure of all such functional areas which exceeded budget. As such, a budgeted statement is included in the supplementary data portion of these financial statements.

3. Financial Control of Funds

As authorized by Act 20, Public Act of 1943, as amended, states that the Township, by resolution may authorize its treasurer to invest surplus funds in the following manner:

1. Direct obligations of the United States or an agency or instrumentality of the United States.

2. In any account or depository which is a member of the F.D.I.C. or a savings and loan which is a member of the Federal Savings and Loan Insurance Corporation, or a credit union which is insured by the National Credit Union Administration.
3. Fifty percent of the funds may be invested in commercial paper rated at the time of purchase within the three highest classifications by not less than two standard rating agencies and which mature not more than 270 days following the date of purchase.
4. In United States Government of federal agency obligations repurchase agreements.
5. In bankers acceptances of the United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment of local units of government in Michigan.

#### 4. Cash and Investments

Deposits of the Township are as authorized by the Township Board. A summary of these accounts and amounts is included in the supplemental data section of this report. All funds of Lake Township have been invested in those depositories or investments as authorized by Michigan Compiled Laws Section 129.91. The balance sheet account for all funds includes all cash, investments and imprest (petty cash) funds.

In accordance with GASB Statement No. 3, risk disclosures must be made to indicate the amounts of cash insured or uninsured. A general summary of these assets is as follows:

	<u>Carrying Value</u>	<u>Bank Value</u>
Insured	\$ 100,000	\$ 100,000
Uninsured	\$ 196,624	\$ 196,852

The Township also has \$70,000 invested in certificates of deposit which are not reported according to risk.

#### 5. Pension Plan

The Township participates in a defined contribution pension plan administered by Municipal Retirement Systems, Inc. covering all elected officials and other full-time employees. The Township contributes the premium based on 7.5% of the annual normal compensation. Plan members may make additional voluntary contributions. The Township's contribution for the year ended March 31, 2004 amounted to \$5,052.

#### 6. Changes in General Fixed Assets

General Fixed Assets have been acquired for general township purposes and at the time of purchase were recorded as expenditures. The assets have been capitalized in the General Fixed Asset records as required by GASB 34. As a Township policy, assets valued at less than \$2500 are considered to be supplies and are not recorded as fixed assets.

	Balance 4/01/04	Additions	Deletions	Balance 3/31/05
Land	\$ 7,035			\$ 7,035
Land Improvements	82,553			82,553
Buildings	51,131			51,131
Furniture	17,373			17,373
Equipment	36,099	0	0	36,099
	<u>\$194,191</u>	<u>\$ 0</u>	<u>0</u>	<u>\$194,191</u>

#### Accumulated Depreciation

	Cost	Date of Purchase	Method	Life	Acc Dep 03/31/04	Dep	Acc Dep 03/31/05
Land	7,035		N/A				
Building & Garage	51,131	1948	S/L	50	51,131	0	51,131
Land Improvements	82,553	1985	S/L	30	52,283	2,752	55,035
Furniture	17,373	VAR	S/L	7	17,373	0	17,373
Equipment	32,399	VAR	S/L	7	32,399	0	32,399
Riding Mower	1,500	2001	S/L	10	450	150	600
Computer	2,200	2002	S/L	5	880	440	1,320

#### 7. Compensated Absences and Post Employment Benefits

The township does not pay for compensated absences.

#### 8. Contingent Liabilities

There are no known contingent liabilities.

#### 9. Risk Management

The township carries commercial insurance as a protection against risk.

#### 10. Taxes receivable

Taxes receivable reflected in the general fund represent delinquent real property taxes and tax administration fees on delinquent real property taxes. Benzie County funds the delinquent tax roll by selling tax notes annually and distributing the proceeds to the governmental units currently. Accordingly, these delinquent taxes and related fees recorded as revenue in the current year.

## SUPPLEMENTAL STATEMENTS

**WILSON, WARD CPA FIRM**

P.O. Box 205  
3015 M-137  
Interlochen, MI 49643

(231) 276-7668  
Fax: (231) 276-7687  
E-mail: wilson@wilsonward.com

To the Township Board  
Lake Township, MI

We have audited the combined financial statements of Lake Township for the year ended March 31, 2005. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of the additional analysis and are not a required part of the combined financials statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

*Wilson Ward CPA Firm*

Interlochen, MI  
June 21, 2005

## General Fund

**Lake Township  
Balance Sheet  
General Fund**

As Of March 31, 2005

Assets

Cash In Bank and Investments	\$251,758
Accounts Receivable	0
Taxes Receivable	0
Prepaid Insurance	0
Due From Other Funds	0
Due From Other Agencies	0
Construction Work In Progress	0
Total Assets	<u>\$251,758</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	\$0
Accrued Salaries & Wages	0
Deferred Revenue	0
Due To Other Funds	0
Compensated Absences	0
Total Liabilities	<u>0</u>

Fund Balance

Reserved for Equipment Replacement	0
Unreserved	251,758
Total Fund Balance	<u>251,758</u>

Total Liabilities and Fund Balance	<u>\$251,758</u>
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THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Lake Township**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**

For the Year Ended March 31, 2005

	General Fund <u>March 31, 2005</u>
<u>Revenue</u>	
Taxes	\$89,244
Admin Fees	46,239
Licenses and Permits	0
Interest & Rentals	1,971
Other Revenues	20,404
Donations	0
State Shared Revenue	42,259
Cable Franchise Fees	974
Reimbursements	<u>24,030</u>
Total Revenues	225,121
<u>Expenditures</u>	
Current	
Legislative	32,986
General Government	160,680
Public Safety	16,576
Public Works	21,015
Contingency	<u>25,057</u>
Total Expenditures	<u>256,314</u>
Excess Revenue (Expenditures)	(31,193)
Operating Transfers In	0
Operating Transfers Out	0
Fund Balance - Beginning of Year	<u>282,951</u>
Fund Balance - End of Year	<u><u>\$251,758</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS



**Lake Township**  
**Statement of Revenues, Expenditures and Changes in Fund Balance-Budget Vs Actual**  
**General Fund**  
For the Year Ended March 31, 2005

<b>Revenue</b>	<b>Budget Beg. Year April 01, 2004</b>	<b>Budget Year Ended March 31, 2005</b>	<b>Actual Year Ended March 31, 2005</b>	<b>Variance Favorable (Unfavorable)</b>
Current Property Taxes	\$95,632	\$95,632	\$89,030	(\$6,602)
Penalties on Taxes	500	500	214	(286)
Admin Fees	43,368	43,368	46,239	2,871
Licenses and Permits	1,950	1,950	0	(1,950)
State Shared Revenues	40,000	40,000	42,259	2,259
Use Fees	12,400	12,400	14,960	2,560
Earned Interest	3,000	3,000	1,971	(1,029)
Franchise Fees	850	850	974	124
Reimbursements	500	500	332	(168)
Misc	0	2,500	5,444	2,944
Total Revenues	198,200	200,700	201,422	722
Reimbursements	5,500	5,500	23,699	18,199
Total Receipts	203,700	206,200	225,121	18,921

**Expenditure**

Legislative

Township Board:

Salaries and Wages  
Supplies and Maintenance  
Professional Services  
Mileage  
Printing and Advertising  
Postage  
Insurance and Bonds  
Dues  
Aid to Library  
Communications  
Misc  
Capital Outlay

Total Township Board	37,400	37,400	32,986	4,414
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General Government:

Township Supervisor:

Salaries and Wages  
Office Supplies  
Misc  
Mileage

Total Township Supervisor	\$11,400	\$11,400	\$11,140	\$260
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THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Lake Township**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**

For the Year Ended March 31, 2005

	Budget Beg. Year <u>April 01, 2004</u>	Budget Year Ended <u>March 31, 2005</u>	Actual Year Ended <u>March 31, 2005</u>	Variance Favorable (Unfavorable)
Elections:				
Salaries and Wages				
Office Supplies				
Mileage				
Misc				
Capital Outlay				
Total Elections	<u>\$3,600</u>	<u>\$3,600</u>	<u>\$3,355</u>	<u>\$245</u>
Assessor:				
Salaries and Wages				
Supplies				
Professional Services				
Mileage and Travel				
Postage				
Misc				
Capital Outlay				
Total Assessor	<u>35,360</u>	<u>35,360</u>	<u>30,816</u>	<u>4,544</u>
Clerk:				
Salaries and Wages				
Office Supplies				
Mileage				
Capital Outlay				
Misc				
Total Clerk	<u>18,748</u>	<u>18,748</u>	<u>18,190</u>	<u>558</u>
Board of Review:				
Salaries				
Misc				
Total Board of Review	<u>2,450</u>	<u>2,450</u>	<u>1,338</u>	<u>1,112</u>
Treasurer:				
Salaries and Wages				
Office Supplies				
Telephone				
Mileage				
Misc				
Capital Outlay				
Printing				
Total Treasurer	<u>\$28,798</u>	<u>\$28,798</u>	<u>\$26,621</u>	<u>\$2,177</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Lake Township**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**

For the Year Ended March 31, 2005

	Budget Beg. Year <u>April 01, 2004</u>	Budget Year Ended <u>March 31, 2005</u>	Actual Year Ended <u>March 31, 2005</u>	Variance Favorable (Unfavorable)
Township Hall and Grounds:				
Salaries & Wages				
Benefits				
Supplies				
Prof Services				
Mileage				
Public Utilities				
Repairs				
Misc.				
Total Township Hall	<u>\$18,775</u>	<u>\$103,775</u>	<u>\$69,221</u>	<u>\$34,554</u>
Total General Government	<u>119,131</u>	<u>204,131</u>	<u>160,680</u>	<u>43,451</u>
Planning and Zoning:				
Salaries and Wages				
Supplies				
Professional Services				
Mileage				
Printing				
Misc				
Total Planning and Zoning	<u>11,532</u>	<u>11,532</u>	<u>10,637</u>	<u>895</u>
Public Works:				
Street Lighting	750	750	722	28
Parks	12,525	12,525	8,652	3,873
Clean Up	6,000	9,315	8,124	1,191
Road Work	<u>31,000</u>	<u>2,500</u>	<u>876</u>	<u>1,624</u>
Total Public Works	<u>50,275</u>	<u>25,090</u>	<u>18,374</u>	<u>6,716</u>
Zoning Board of Appeals:				
Salaries				
Operating Supplies				
Professional Services				
Mileage				
Seminars				
Printing				
Utilities				
	<u>\$2,225</u>	<u>\$2,725</u>	<u>\$2,641</u>	<u>\$84</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Lake Township**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**

For the Year Ended March 31, 2005

	Budget Beg. Year <u>April 01, 2004</u>	Budget Year Ended <u>March 31, 2005</u>	Actual Year Ended <u>March 31, 2005</u>	Variance Favorable (Unfavorable) <u></u>
Fire	\$2,000	\$2,000	\$1,938	\$62
Police Service	4,000	4,000	4,000	0
Employee Benefits	2,000	8,000	7,743	257
Pension	7,000	18,000	17,314	686
Contingency	<u>5,000</u>	<u>3,500</u>	<u>0</u>	<u>3,500</u>
Total Other Expenditures	20,000	35,500	30,995	4,505
Total Expenditures	<u>240,563</u>	<u>316,378</u>	<u>256,314</u>	<u>59,059</u>
Excess Revenues	(36,863)	(110,178)	(31,193)	
OTHER FINANCING SOURCES				
Operating Transfers In(Out)			0	
Excess Revenue & Other Financing Uses Over (Under) Expenditures			(31,193)	
Fund Balance - Beginning of Year			<u>282,951</u>	
Fund Balance - End of Year			<u><u>\$251,758</u></u>	

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

## Special Revenue Funds

**Lake Township  
Combining Balance Sheet  
Special Revenue Funds**

As Of March 31, 2005

	Fire Fund	Park Fund	Budget Stabilization Fund	Total
<b>Assets</b>				
Cash in Bank	\$91,796	\$3,070	\$20,000	\$114,866
Prepaid Insurance	0			0
Due From GF		0		0
<b>Total Assets</b>	<b>\$91,796</b>	<b>\$3,070</b>	<b>\$20,000</b>	<b>\$114,866</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$0		\$0
Due to General Fund	0		0	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
<b>Fund Balance</b>				
Reserved for Equipment Replacement	0			0
Unreserved	91,795	3,070	20,000	114,866
<b>Total Fund Balance</b>	<b>91,795</b>	<b>3,070</b>	<b>20,000</b>	<b>114,866</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$91,795</b>	<b>\$3,070</b>	<b>\$20,000</b>	<b>\$114,866</b>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Lake Township**  
**Combining Statement of Revenues, Expenditures & Changes in Fund Balance**  
**Special Revenue Funds**

For The Year Ended March 31, 2005

	Fire Fund	Park Fund	Budget Stabilization Fund	Total
<b>Revenues</b>				
Property Taxes	\$52,197		\$0	\$52,197
Delinquent Property Taxes	2,207			2,207
State of Michigan			0	0
Interest	768			768
Miscellaneous	2,100	3,070		5,170
Total Revenue	57,271	3,070	0	60,341
<b>Expenditures</b>				
Contract Services	47,582		0	47,582
Capital Expenditures	0			
Miscellaneous		0	0	0
Total Expenditures	47,582	0	0	47,582
Excess Revenue (Expenditures)	9,689	3,070	0	12,760
Transfer From General Fund			0	0
Fund Balance - Beginning of Year	82,106	0	20,000	102,106
Fund Balance - End of Year	\$91,795	\$3,070	\$20,000	\$114,866

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Lake Township  
Balance Sheet  
Fire Fund**

As Of March 31, 2005

**Assets**

Cash In Bank	\$91,796
Prepaid Insurance	0
Total Assets	<u>\$91,796</u>

**Liabilities and Fund Balance**

Liabilities

Accounts Payable	\$0
Due to General Fund	<u>0</u>
Total Liabilities	0

Fund Balance

Reserved for Equipment Replacement	0
Unreserved	<u>91,795</u>
Total Fund Balance	<u>91,795</u>

Total Liabilities and Fund Balance	<u>\$91,795</u>
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THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS



**Lake Township**  
**Statement of Revenues, Expenditures & Changes in Fund Balance**  
**Fire Fund**

For The Year Ended March 31, 2005

**Revenues**

Property Taxes	\$52,197
Delinquent Property Taxes	2,207
Interest	768
Miscellaneous	<u>2,100</u>
Total Revenue	<u>57,271</u>

**Expenditures**

Contract Services	47,582
Capital Expenditures	<u>0</u>
Total Expenditures	<u>47,582</u>

Excess Revenues (Expenditures)	9,689
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Fund Balance - Beginning of Year	<u>82,106</u>
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Fund Balance - End of Year	<u><u>\$91,795</u></u>
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THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Lake Township  
Balance Sheet  
Park Fund**

As Of March 31, 2005

**Assets**

Cash In Bank	\$3,070
Due from General Fund	<u>0</u>
Total Assets	<u><u>3,070</u></u>

**Liabilities and Fund Balance**

Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	<u>3,070</u>
Total Fund Balance	<u><u>3,070</u></u>
Total Liabilities and Fund Balance	<u><u>\$3,070</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Lake Township**  
**Statement of Revenues, Expenditures & Changes in Fund Balance**  
**Park Fund**

For The Year Ended March 31, 2005

Revenues

Donations	\$0
Permits and fees	\$3,070
Total Revenue	<u>3,070</u>

Expenditures

Maintenance and Improvement	0
Capital Expenditures	<u>0</u>
Total Expenditures	<u>0</u>

Excess Revenues (Expenditures)	3,070
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Fund Balance - Beginning of Year	<u>0</u>
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Fund Balance - End of Year	<u><u>\$3,070</u></u>
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THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Lake Township  
Balance Sheet  
Budget Stabilization Fund**

As Of March 31, 2005

<u>Assets</u>	
Cash In Bank	<u>\$20,000</u>
Total Assets	<u>20,000</u>
<u>Liabilities and Fund Balance</u>	
Due to General Fund	
Unreserved Fund Balance	<u>20,000</u>
Total Liabilites and Fund Balance	<u>\$20,000</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Lake Township**  
**Statement of Revenues, Expenditures & Changes in Fund Balance**  
**Budget Stabilization Fund**

For The Year Ended March 31, 2005

<u>Revenues</u>	
State of Michigan	<u>\$0</u>
<u>Expenditures</u>	
Contract Services	0
Miscellaneous	<u>0</u>
Total Expenditures	<u>0</u>
Excess Revenue (Expenditures)	0
Transfer from General Fund	0
Fund Balance - Beginning of Year	<u>20,000</u>
Fund Balance - End of Year	<u><u>\$20,000</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS